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January 18, 2007

To: Supervisor Zev Yaroslavsky, Chairman  
Supervisor Gloria Molina  
Supervisor Yvonne B. Burke  
Supervisor Don Knabe  
Supervisor Michael D. Antonovich

From: David E. Janssen  
Chief Administrative Officer  
Bryce Yokomizo, Director  
Department of Public Social Services

**BOARD OF SUPERVISORS MOTION TO ASSESS THE IMPACT OF THE  
GOVERNOR'S WELFARE PROPOSAL (ITEM NO. 24, AGENDA OF  
JANUARY 23, 2007)**

This is to provide a report in response to your Board's January 9, 2007 instruction to the Department of Public Social Services to work in conjunction with the Chief Administrative Office (CAO) and the County Welfare Directors Association to assess the County impact of the Governor's welfare proposal and prepare a report with specific recommendations. Also, the motion requested a similar report from the Department of Health Services and the CAO which will be sent to you under separate cover.

We have analyzed this proposal and are recommending that your Board oppose the Administration's proposals to terminate CalWORKs assistance for children whose parents are sanctioned, time-limited, undocumented immigrants, drug felons, or fleeing felons.

## **BACKGROUND**

On January 7, 2007, the Governor released the following proposed policies and changes to the CalWORKs Program, which were included in his FY 2007-08 Proposed Budget, released January 10, 2007. They are as follows:

1. Eliminate cash assistance for children (full-family sanction) whose parents have been sanctioned for failure to comply with CalWORKs program requirements beyond 90 days;
2. Eliminate cash assistance safety net for children whose parents have exhausted their 60 months of CalWORKs eligibility, unless the parent is satisfying the Federal work participation requirement through work and/or other welfare-to-work activities;
3. Eliminate cash assistance for children who have received 60 months of CalWORKs assistance and whose parents are undocumented immigrants, drug felons, or fleeing felons;
4. Suspend the CalWORKs grant cost-of-living-adjustment (COLA) for FY 2007-08;
5. Maintain funding for CalWORKs services and administration at current levels; and
6. Implement semi-annual reporting in the CalWORKs and Food Stamp programs beginning January 1, 2009.

Given the magnitude of the impacts that would result from implementation of the first three of these proposals, related to sanctions and time-limits on assistance to children, the focus of this report is to provide an assessment of those three proposals and a related recommendation to your Board.

## **IMPACTS OF PROPOSED SANCTION AND TIME-LIMIT POLICY**

### **Full-Family Sanctions**

The Administration proposes to eliminate cash assistance for children whose parents are sanctioned for failure to comply with CalWORKs Program requirements beyond 90 days, effective November 1, 2007.

The Administration estimates that implementing this policy would cost the State an additional \$11.4 million in child care costs during FY 2007-08 due to the increase in the number of families projected to participate in work activities in order to avoid the full-family sanction. The Administration is also assuming that implementing a full-family sanction would increase the State's work participation rate by nine percent, through a combination of additional participation by some parents and the removal of the remaining cases from the work participation rate calculation as a result of the termination of assistance to the children.

The Administration assumes that 70 percent of impacted parents would be motivated to come back into compliance and engage in work or work activities. According to the California Department of Social Services, this estimate is based primarily on anecdotal information from one other State which has implemented a full-family sanction policy. Overall, research does not show that full-family sanctions are more effective than partial-family sanctions in securing compliance with welfare-to-work requirements; therefore, the available research does not support the Administration's assumption that 70 percent of sanctioned parents would come into compliance, if the State replaced the current partial-family sanction with a full-family sanction.

**In Los Angeles County, an estimated 12,600 families, including approximately 23,600 children, have been sanctioned for more than three months and would therefore lose all cash assistance under a full-family sanction, unless the parents in those cases engaged in work activities.**

#### **Elimination of Cash Assistance for Children Whose Parents Have Timed-Off Aid**

The Administration proposes to eliminate cash assistance for children whose parents have reached the State's 60 month CalWORKs time-limit, unless the parent works or engages in other federally-recognized work activities for sufficient hours to be counted as working in the State's work participation rate, effective November 1, 2007.

The Administration assumes State savings of \$175.8 million during FY 2007-08 as a result of this policy. The Administration further assumes that eliminating assistance for children whose parents have exhausted the State 60 month time-limit would increase the State's work participation rate by four percent, through a combination of additional participation by some parents and the removal of the remaining cases from the work participation rate calculation as a result of the termination of assistance to the children.

Specifically, the Governor assumes that 26 percent of time-limited parents not currently meeting the Federal work participation requirements would sufficiently increase their work participation to retain their children's' eligibility to assistance, while in the remaining 74 percent of impacted families, assistance to the children would be terminated.

**In Los Angeles County, an estimated 15,300 families, including about 35,800 children, consist of a time-limited adult not meeting federal work participation requirements and children receiving CalWORKs assistance. The children in these families would be terminated from cash assistance under the Administration's proposal, unless time-limited parents increased their work activity to a sufficient level to be counted as working in the Federal work participation rate.**

**Elimination of Cash Assistance for Certain Children Receiving Aid for More Than 60 Months**

The Administration proposes to eliminate cash assistance for children who have received 60 months of cash assistance and whose parent(s) are undocumented immigrants, drug felons, or fleeing felons, effective November 1, 2007. The Administration assumes State savings of \$159.4 million during FY 2007-08. The Administration has indicated its sole reason for including this proposal is to ensure that children of parents who are either undocumented, drug felons, or fleeing felons are treated the same as children of citizen parents subject to the 60 month time-limit, since the Administration is also proposing to terminate assistance for children of parents who have timed-off, as described in the preceding section of this report.

There would be no impact on the State's work participation rate since the vast majority of these cases (those with undocumented parents) are not included in the rate calculation. The number of aided children of drug felons is small and the number of children of known fleeing felons is very small.

**In Los Angeles County, under the Administration's proposal, assistance would be terminated for approximately 32,100 children of undocumented immigrant parents in approximately 16,400 families, plus 446 children of drug felons/fleeing felons in 223 families.**

**Summary of Direct Impacts of Full-Family Sanctions and Time-Limit on Aid to Children**

The following table includes the estimated numbers of families and children impacted in Los Angeles County based on the Administration's assumptions regarding how parents would respond to these policies, and the estimated maximum impact, based on the total number of families and children in each of the categories that would be impacted by the Administration's proposals.

Administration's Proposed Policies	Estimated LA County Impact Based on the Administration's Assumptions		Estimated Maximum LA County Impact Based on the Total Number of Families/Children in Each Category	
	Number Of Families Impacted	Number of Children Impacted	Number of Families Impacted	Number of Children Impacted
Full-Family Sanction After 90 Days	3,780	7,080	12,600	23,600
Eliminate Aid To Children After 60 Months Unless Parents Work	11,322	26,492	15,300	35,800
Eliminate Aid to Children After 60 Months If Parent is an Undocumented Immigrant, Drug Felon, or Fleeing Felon	16,633	32,546	16,633	32,546
<b>TOTALS</b>	<b>31,735</b>	<b>66,118</b>	<b>44,533</b>	<b>91,946</b>

Thus, if all three proposals were enacted, it is estimated that CalWORKs assistance would be terminated for 66,118 to 91,946 children in 31,735 to 44,533 families in Los Angeles County.

**Potential Shift to County General Relief**

Children whose CalWORKs cash assistance would be terminated under these proposals might be eligible to General Relief. County Counsel is still examining this question. Under the Administration's proposal, a CalWORKs grant of \$584/month for two children with no aided adult would be eliminated, and the children might be eligible to a two-person General Relief grant of \$374 per month, funded entirely by the County.

## **SANCTION AND TIME-LIMIT POLICIES IN OTHER STATES**

Under the Temporary Assistance for Needy Families (TANF) Program, states were granted broad discretion to establish sanction and time limit policies, and there is wide variation across states. Some states, like California, only apply time limits and sanctions to a portion of the family's grant, whereas other states impose full-family sanctions and/or time limits. Specifically, according to the most recent annual TANF report from the Administration for Children and Families, U.S. Department of Health and Human Services, California is one of 31 states that imposes a partial sanction for non-compliance with welfare-to-work participation requirements and one of 10 states that applies a time limit to a portion of the family's grant. Other large states that do not terminate the entire family grant when the family reaches the State's time limit include New York, Michigan, and Texas.

Despite an unprecedented level of research, there is no definitive evidence on the relative effectiveness of full-family sanctions or full-family time limits in causing parents to move from welfare-to-work. However, there is research evidence in Los Angeles County and elsewhere in the country, that sanctioned families have a higher incidence of serious barriers to employment and welfare-to-work participation than other families receiving TANF assistance.

## **INCREASING THE STATE'S WORK PARTICIPATION RATE**

Under TANF Reauthorization, enacted in February 2006, the State must increase its work participation rate to 50 percent, less any caseload reduction credit based on caseload decline since FFY 2005. The ostensible basis for some of the Administration's proposals is this need to increase the State's work participation rate, as well as the Administration's desire to achieve State general fund savings of more than \$320 million in FY 07-08 from these sanction/time limit proposals.

However, these Administration proposals are unnecessary, unlikely to be effective, and harmful to children, while running counter to the results of the TANF Reauthorization Stakeholders Process convened by the Administration itself in the spring of 2006.

Through that process, counties, Administration staff, legislative staff, and advocates have developed and begun implementing numerous strategies to increase the State's work participation rate without resorting to policy changes that may harm children. Among the participants in this Stakeholders Process, there has been virtually no support for the proposals put forth in the Governor's Proposed Budget.

In addition, though the new work participation rate requirement is effective FFY 2007 (commencing October 1, 2006), it is virtually certain that the federal corrective compliance process will enable the State to forestall any penalty payments until FFY 2011 or FFY 2012, thereby providing the State ample opportunity to increase its work participation rate through strategies that are consistent with the goals of the CalWORKs Program: reducing child poverty and increasing family self-sufficiency.

## **RECOMMENDATION**

The Administration's proposals to terminate CalWORKs assistance for three categories of children represent a radical departure from the bi-partisan agreement to create the CalWORKs Program in 1997. Consistent with current Board policy to maintain a safety net for families and children and to prevent cost shifts to the County, therefore, we are recommending that your Board oppose the Administration's proposals to terminate CalWORKs assistance for children whose parents are sanctioned, time-limited, undocumented immigrants, drug felons, or fleeing felons.

DEJ:BY:PA

- c: Executive Officer, Board of Supervisors  
County Counsel  
County Welfare Directors Association